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State Department review completed

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2. USSR TO BUILD HEAVY MACHINERY PLANTS IN INDIA

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India intends to accept a Soviet offer to finance and build two heavy machinery plants under the \$126,000,000 loan the USSR extended in November 1956. The American embassy in New Delhi states that a committee of experts, which was appointed by the Indian government to compare a Soviet plan for a

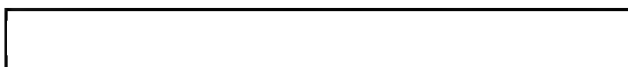
large integrated plant with a British plan for several smaller plants, rejected the Soviet plan as too expensive. When the USSR agreed to reduce the cost and scope of the project, India's Planning Commission reversed the committee's decision at Prime Minister Nehru's behest.

Press reports indicate that the present Indian plan is to have the USSR build a plant for manufacture of heavy machinery and another for building mining machinery. Britain, however, is to build three heavy machinery plants, and negotiations are under way with the USSR, Czechoslovakia, Britain and West Germany concerning the establishment of two others.

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**3. KRISHNA MENON LIKELY TO CONTINUE AS HEAD OF
INDIAN DELEGATION TO UN**

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V. K. Krishna Menon is expected in New York soon, presumably next week, to deal with Kashmir and possibly the UN charter review, according to a member of the Indian delegation to the UN.

Representatives of both the Indian and Pakistani delegations to the UN have previously reported that Menon, who was recently appointed India's minister of defense, is likely to continue to head the Indian delegation to the UN on all matters of importance.

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4. MOROCCAN SULTAN WANTS TO NEGOTIATE FRIENDSHIP
TREATY WITH THE UNITED STATES

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Moroccan foreign minister Balafrej informed the American ambassador on 13 May of the sultan's desire that air base negotiations proceed as rapidly as possible and that such negotiations "proceed within the framework of a United States-Moroccan treaty of friendship."

The ambassador reports that this urgent Moroccan request to conclude a formal treaty with the United States stems from a belief that France will make no early effort to resolve outstanding French-Moroccan problems. The Moroccans hope by concluding a treaty with the United States to induce France to agree to a settlement.

Comment

The desire to enlarge the framework of present negotiations is in line with the Moroccans' earlier strategy. On 13 March they refused to proceed with negotiations regarding the continued operation of the Voice of America relay station in Tangier until conversations on the "ensemble of problems" existing between the Moroccan and American governments, particularly the question of the air bases, was opened.

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